MICROFINANCE & GENDER: SOME FINDINGS FROM THE FINANCIAL DIARIES IN MALAWI

- **Women handled the day-to-day management** of the household, but men took control of the bigger, more momentous household transactions.
- **In enterprise management**, men carried out more expenditures than women as well as much higher dollar-amount transactions.
- **In the area of cash transfers**, by and large, women received cash gifts, while men gave them.
- **Unlike cash gifts**, informal loans tended to be same-gender.
- **Analysis of OIBM van use** suggests that distance to and convenience of banking services may be more important to women than to men.
- **Female OIBM clients** showed less tendency toward increased dependency on cash gifts over the study, compared with non-clients.

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MICROFINANCE INSTITUTIONS OFTEN TARGET WOMEN, either exclusively or with particular products and service-delivery mechanisms. A major Financial Diaries study recently concluded by Microfinance Opportunities (MFO) examined financial behaviors among hundreds of low-income Malawians, including a large number of women.

MFO carried out the Diaries study in cooperation with The IRIS Center at the University of Maryland-College Park under a grant from the Bill & Melinda Gates Foundation. It found clear patterns of gender-specific income streams, spending patterns, and banking preferences.

These findings have operational implications for providers, including Opportunity International Bank of Malawi (OIBM), whose branchless banking innovation – a full-service "bank on wheels" mobile van – was a central focus of the study. OIBM uses its banking van to bring its bank to the people, serving places without OIBM bricks-and-mortar branches (or, with the exception of a couple of larger towns, any other banks' branches).

WOMEN AT HOME: MORE TRANSACTIONS, LOWER VALUES

The database from the Malawi sample consisted of 230,825 individual transactions, for a mean number of 19 transactions per household per week. The study tracked the transactions of men and women separately. Aggregating those data by gender provides an overview of some of the key differences between the male and female Financial Diaries participants.

Looking at expenditures individuals made for their household (such as purchases of food), women carry out more transactions (10.1 per week) compared with men (7.4 per week). This suggests some degree of control by women over household finances. However, the median man spends slightly more ($36) on household transactions than the median woman ($31) despite the lower transaction frequency. This suggests that men may be less involved in the day-to-day management of the household but take control of the bigger, more momentous household transactions.

WOMEN AT BUSINESS: FEWER TRANSACTIONS, LOWER VALUES

An analysis of business-related expenditures reveals wider disparities. Men are both carrying out more expenditures than women (one about every two weeks for men, as opposed to every seven weeks for women) as well as much higher dollar-amount transactions. In other words, men control a disproportionate share of business expenditures, and, when one looks more closely at the distribution of the size of those expenditures, men control the higher-dollar amount transactions on both sides (buyer and seller) of those transactions.

REGARDLESS OF HOUSEHOLD COMPOSITION

Single-female-headed households were a very significant part of the sample – nearly a third of all households sampled. This allowed the study to look more closely at how gender and marital status may interact to shape the different patterns of financial transactions for men compared to women.

A comparison of median statistics for household-related expenditures reveals fairly minor differences between married women and those who are single heads of household. The median expenditure amounts per week are close ($28 vs $34) and the median number of expenditures per week for households is nearly identical (10.0 vs 10.3).

In terms of business transactions, the weekly number and the dollar value of business expenditures carried out by the median single woman head of household are both greater than those of the median married woman, but the differences are not statistically significant.

In sum, at the transactional level, the differences between married women and single-female heads of household are marginal. That finding in turn suggests that, based on the study's sample, there are gendered features of the Malawian economy that cut across household type and are not driven by spousal divisions of labor.[1]

THE DOMINANT ROLE OF THE INTERPERSONAL

Individuals in the Diaries' sample received a large number of cash transfers from other individuals and made a large number of cash transfers to other individuals, even when one *excludes* transfers between people living in the same household. Measured in terms of total cash flow, these cash transfers amounted to nearly two-thirds of the flow to and from commercial banks with which individuals in the sample interacted. Measured in terms of transaction frequency, cash transfers dwarf the commercial banks: the study's total was more than seven times the number of transactions for all the commercial banks combined.

Here too, the Financial Diaries found clear divisions between male and female financial behaviors:

- ***Women receive cash gifts; men give them.*** In the study sample, the total of cash transferred from men to women was well over twice that which men transferred to each other or women transferred to each other, and more than four times what women transferred to men.

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[1] The Financial Diaries did encompass a number of men and women in polygamous marriages. Husbands in such marriages were asked to recount only the transactions that pertained to the wife who was the study participant. (Malawian women in polygamous marriages each reside in their own dwelling; there is no co-residence among co-wives.) However, the pooling of resources that occurs among such families may have skewed the findings. The recruitment of complete polygamous families (the husband and all co-wives) must await a future study.



Such cash transfer patterns can be indicators of female dependency or subordination, including but not limited to cash-for-sex relationships (cf. Luke, 2005). Certainly, a woman may become "dependent" in the sense that cash gifts may supplant other forms of income. And instances of coercion may occur. However, the study noted that "dependence" is itself a variable concept, citing an expert on Malawian culture who notes that Malawian men are culturally conditioned to provide for the women with whom they are romantically involved (cf. Poulin, 2007). A man who is not a good provider risks being stigmatized, and a woman retains the freedom to accept or reject the gifts – along with the man.

- *The trend is the same for intra-household transactions – with an important caveat.* The study surveyed intra-household transfers, or IHTs (instances where cash was exchanged within a household between members of that household), as distinct from the cash transfers discussed above (between a participant household member and a non-household member). Nearly all of the IHTs flowed from men to women, and most of those flowed from husband to wife. Certainly one can imagine scenarios where a husband controls his wife by doling out or withholding cash. Supplemental information about the participants suggested that such instances did indeed occur.

  But the lopsided ratio is as much a function of how seldom women transfer as how often men do. Women who earned money, of whom there were many in the sample, did not routinely hand their earnings over to their husbands. This ability on the part of women to keep what they earn, while at the same time having some claim on their husbands' earnings, raises another caution against oversimplified evidence of dependency.

- *Informal loans are more likely same-gender.* In the "friend" category (where some manner of non-familial social tie was indicated), researchers found many loans but almost no loan repayments. This suggests that these are relationships of mutuality in which a person essentially repays a loan made by a friend by making a reciprocal loan to that friend. Here the vast majority of activity occurred within genders: men lent to men and women lent to women. In other words, cash gifts flow between genders (men to women), while loans flow within genders.

THE FORMAL SECTOR: CURRENT TRENDS

As noted above, informal cash transfers are extremely important and dominate in terms of frequency of incidence. But the banks are significant in terms of dollar value. Hence one might speculate that the banks capture the big money – that is, the transactions more likely to be controlled by men – whereas individual cash exchanges mediate day-to-day financial needs – the domain of women. In other words, it would not be unreasonable to hypothesize that the banks currently do a better job of serving men than women.[2]

One of OIBM's goals in piloting the banking van was to improve its service to women. And indeed, the van seemed to add more value for women than for men as a service innovation. When the study disaggregated by gender, it found that proximity to a van stop made a distinct difference for women compared to men. In other words, distance to and convenience of financial services may be more important to women than to men, and the van may be helping serve women's interests in this regard.

OIBM also may have offered women some protective effect against financial vulnerability. The Financial Diaries study coincided with a period that suggested overall economic downturn in Malawi. During that period, two female segments – non-OIBM female bank clients and unbanked female participants – both saw increases in inflows from cash gifts. By contrast, the total value of cash gifts received by female OIBM customers declined during the same time period. It is important to bear in mind, as discussed above,

[2] Nonbank financial institutions, or NBFIs, appear to be marginal players within the Financial Diaries sample. The total flows through NBFIs, including those with a reputation or a stated mission for outreach to women, were quite small: only 4 percent of the flows through commercial banks.

that the concept of "dependency" is a complex one. But it nevertheless remains the case that during a period of economic turmoil, female OIBM users fared better than their un-banked or other-banked female counterparts in terms of dependence on cash gifts (to the extent that receipt of such gifts reflects dependence on them). OIBM women also fared better than OIBM men in terms of volatility of savings. Both men's and women's savings activity declined, as would be expected during an economic downturn, but women's declined less sharply.

AND FUTURE POTENTIAL

The phenomena described above are likely related: convenience drives usage of formal financial services, usage of formal financial services drives financial stabilization and reduced vulnerability – the ultimate objectives. Certainly, the convenience of the van seemed to be more important for women. A likely explanation may be that women have more trouble compared to men with leaving the home with regularity and travelling substantial distances to a bank.

Yet the Financial Diaries' findings also suggest that the economics of serving women pose greater challenges for providers. Women's transactions are both smaller and much more frequent than men's, the opposite of what is profitable for a bank. Finally, women are more reliant on cash transfers.

These three phenomena, the value of convenience, the smaller transaction sizes, and the reliance on cash gifts are critical considerations for financial institutions interested in bridging the gender gap in financial service use. New technologies, such as mobile phones, hold out the prospect of lowering the cost per transaction and enabling the transfer of cash across long distances (as M-Pesa is doing in Kenya). These will enable women transact with banks cheaply and conveniently, and receive cash gifts cheaply and safely if senders are far away. Banks might also help women set aside those gifts in a safe place so that they accumulate into amounts adequate to meet the lump-sum needs that inevitably come.

NEXT STEPS FOR THE FINANCIAL DIARIES

Successful integration of women into formal finance requires an understanding of the ways gender relations constrain the activities of both men and women, both in terms of what activities they can participate in and how they benefit from them (Manfre & Sebstad, 2010). This premise is a defining concept behind the Financial Diaries. The research administers a gender lens mostly through simple disaggregation (i.e., separating out the data in terms of men and women and examining the differences). The approach lines up with recent trends in scholarship that encourage researchers to organize and interpret information about gender relations in a systematic way.

The analytical framework developed to evaluate a specific innovation (the OIBM van) in a specific time and place (Central Malawi, 2008-2009) will be applied to future projects. Replication of the research in more diverse economies will generate conclusions about whether the Financial Diaries findings in Malawi, including those around gender, are context-specific or can be generalized. And like the Malawi project, future Financial Diaries projects will have gender analysis as an explicit focus.

This brief was prepared by Anne Folan based on Cash In, Cash Out: Financial Transactions and Access to Finance in Malawi *(January 2011) by Guy Stuart, Michael Ferguson, and Monique Cohen. The original report can be downloaded in PDF form from* ***www.microfinanceopportunities.org.*** *The Financial Diaries are part of the Financial Services Assessment project, information about which can be found on the web at* ***http://www.fsassessment.umd.edu/***

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